

NATIONAL REVIEW

Bulletin

And lo, in California

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Richard Nixon is formally back in politics, having been away for the longest period of time since 1946. During the ten months that have gone by since his defeat, the nation has suffered grievously, at home and abroad. Mr. Kennedy's failures are obvious to those who can force themselves to take the measure of America's diminished position. It is less obvious that although Mr. Kennedy must take personal responsibility for many of his failures, Mr. Eisenhower will have the historical responsibility for institutionalizing the wrong approach to Communism, and the wrong approach to domestic tranquillity and freedom. The man who heralded the Spirit of Camp David cannot convincingly condemn Kennedy's indecisiveness in Berlin. The man who went in, year after year, for record budgets, cannot complain if his successor breaks his record.

These are factors Mr. Nixon may or may not have thought about during the last ten months. Soon we will know. The nation must be offered a total critique of present responses to world affairs, a radical departure. Mr. Nixon has a very hard road ahead of him, and the chances are very slight that providence will give him again the opportunity he once enjoyed. But he had difficulties in 1960 that he does not now have. Then the pressures were strong to defend the policies of Mr. Eisenhower's Administration. Now he is fully liberated, and it could be that our child-

ren's children will relate the tale of how a man grew up in California, in 1962, and came to the defense of his country.

The WEEK

● President Kennedy, carrying the favor of the Afro-Asian bloc, has left Hyenas Port for Gnu Port. But the trend is unchanged: *ça va toujours à port*.

● John Crosby, the television critic who discovered two weeks ago that life under Communism was just plain not "that bad," last week discovered that God does not exist, and that in due course all perceptive men, for instance those who realize that Communism is not that bad, will acknowledge His nonexistence. Prudence dictates that next week, or in any case some time in the relevant future, Mr. Crosby discover that Hell is not that bad.

● The newly organized National Assembly for Democratic Rights held a rally on September 23 and 24 in Manhattan to protest (and seek to reverse) the Supreme Court's decision, made last June, that members of the Communist Party and of Communist fronts must register with the State Department under the Internal Security Act. In short order the House Committee on Un-American Activities identified a large number of the speakers at that rally as Communists or Communist sympathizers. It pays to do business with a well-established House Committee, that is.

● By way of stimulating U.S. trade with Latin America, why not let's start out by swapping John F. Kennedy for President Manuel Prado of Peru—and begin at last to get somewhere with the Cuban problem? The American democracies, he said in Washington the other day, "have no obligation to submit to subversion, vicious anti-democratic propaganda or other abuse from any nation of the Americas which for the time being may become the creature of foreign ideology." Intervention, then? Prado does not hesitate: The principle of non-intervention "is being badly misrepresented by some who would invoke it to permit destruction of the inter-American system by international Communism." No, no echo from the White House to date, and what we want to know is, Why?

● Are American lawyers behaving themselves? Not very well, says Dean Eugene V. (W.W.'s brother) Rostow of the Yale Law School: our legal profession needs "ethical revitalization." As witness, he specifies, a) many of our lawyers are engaged in business involving (think of it!) "personal gain," b) our lawyers have (oh, the horror of it!) "continuing connections with their clients," and are, in consequence, not "independent," as they must be if judges are to resist "public or private tyranny," and most important of all (of course!), c) our legal profession, with its present ethics, is inadequate for preserving "civil rights," which are today "threatened" by

inter alia "enforcement of the Smith Act" and "loyalty-security programs." The proposed new ethic, if we understand Dean Rostow correctly through the newspaper accounts of his address: lawyers should work free, cut off their connections with clients, and dedicate themselves to—nice work if you can get it, but we'd have thought it was one field in which there was no unemployment—seeing to it the Smith Act is *not* enforced.

● A Czechoslovak gypsy, so the story goes, recently accosted Czech President Novotny and asked why gypsies were being discriminated against in appointments to jobs of importance. Novotny explained that gypsies, by and large, had not attained "sufficient political maturity" to assume more responsible posts. For instance, asked the Czech president, "How would you solve the problem of religion?" "Easy," replied the gypsy. "I'd replace the statues of the saints in the churches with statues of Communists—Lenin, Stalin, Khrushchev, etc.—and no one would ever enter a church again."



● The shipment of grain is one of the largest factors in the U.S. transportation system. In recent years more and more grain has moved by truck and barge, less and less by rail. Southern Railway, fighting for the business, has designed special hopper cars that permit greater economy; and with other railroads, has filed with the ICC a proposal for rate reductions going as deep as 60%. But the ICC has blocked the move, called for a public investigation, and embarked on a bureaucratic spree that will delay for almost a year the introduction of new efficiency, deprive Southern Railway of immediate earnings on an imaginative innovation, and possibly lead to a finding that the whole proposal is illegal. Those who wonder what's wrong with the U.S. railroads need look no further for much of their answer than to the Interstate Commerce Commission—which, born in 1877 to correct the abuses of 1820, has regulated the industry for a half-century under the assumption that the competitive inventions of Henry Ford and Donald Douglas and Roy Fruehauf don't even exist. Meanwhile, the public is twice soaked: once to pay the bureaucrats' salaries, once more to pay for grain transportation costs

that the rails want to lower, but can't. Maybe we should all eat red tape. There's enough around for everyone.

● The State Department has cancelled the visa of Michel Struelens, head of the Katanga Information Services in Washington, agent of the only pro-Western group in the Congo. 2) And it can't decide whether to recognize the new, more pro-Western Syrian regime. 3) NR hereby recognizes the State Department—for what it's worth.

● Swedish radio listeners are tuning in on contraband radio broadcasts from the ship *Bonjour* which lies at anchor just outside Sweden's territorial waters. "Radio piracy!" roars the Swedish government (which runs Sweden's nationalized and only radio station). The *Bonjour*, says Sweden, is in clear violation of international conventions. But the *Bonjour* continues to broadcast, undismayed by the governmental brouhaha and the threat that all Scandinavian ports may soon be closed to it. To maintain its monopoly of the airwaves, Sweden may be forced to build a jamming station.

● National Tax Savers, Inc., an organization dedicated to the proposition that people need help on their taxes, has announced that you can get a tax deduction for burial expenses and the cost of your gravesite if, before your demise, you purchase these comforts from a non-profit organization. It's all there in section 777B CCH of the U. S. Tax Code. It seems a rather drastic way to nail down a deduction. One is subdued by the thought that one's death, in the eyes of the tax law, is just as much a public benefice as one's contributions to school districts, charitable organizations, churches, and medical research. And somehow it makes us uneasy to think of spending an eternity in a six-foot loophole. What if the Treasury reversed its ruling?

Reflections on Syria

After somewhat more than three years of matrimony with Egypt, Syria has won a divorce through a virtually bloodless (one death, two injuries) military coup, and the United Arab Republic now means only Egypt and Nasser and Nasser's visions; in effect it is dead.

Jordan and Turkey recognized Syria almost immediately. Within five days Iran, Guatemala, and Nationalist China extended recognition. Premier Mamoun al-Kuzbari has reversed the Nasser ukases and plumped for free enterprise, an international stance that may be so non-Soviet as to amount to pro-Westernism, and the establishment of parliamentary democracy within four months. (For cynics, the proof of Syria's pro-Westernism is the difficulty the U. S. State Department has in deciding whether to recognize it.)

In the tangled thicket of Near Eastern politics only the bold would search for truth. Syria says it took this step to avert the infiltration of its army by Nasser's men. That may

be. It may also be that Syria now joins the honored list of nations that have tasted the bitterness of a centralized, nationalized, repressive regime and have spat it out. It may be that the spirit of nationalism remains stronger in the hearts of men than the world's "leaders" would like to admit. It may also be that the One-Worlders should take note of Syria's renewed dedication to its own fortunes; that the vision of an "Arab bloc" and an "Afro-Asian bloc" is at any rate premature; that Nasser has received a smart personal rebuke that could fester, and become his undoing.

So much for what may possibly have been and what may possibly be. This we know: the situation has become more "fluid," and in such situations the door is opened to imagination and daring. A chance, a rare chance, for positive action by the United States: to recognize Syria, help shift the balance of power in the Near East back in the direction of what used to be called the Baghdad powers.

Education of a President

President Kennedy called for—and Congress ordained—a greatly increased military budget. In domestic civilian programs even that fraction of the Kennedy program that has already become law will call for huge increases in the federal budget. Foreign aid, already counted in the arithmetic of outer space, is still rising to galactic size. Next January the first budget message of the new President will call for expenditures at least \$10 billion higher than the last Eisenhower budget.

And yet the President did not ask Congress for higher taxes. He has said he will if he has to; but until catastrophe impels him to decide he will cling to the hope that business will blossom (despite the combined attacks of the Justice Department, labor-dominated bureaucrats, the threat of price controls, unreal depreciation rates, double taxation of dividends, noxious capital gains taxes, heightened administrative burdens from regulatory decrees) and eventually bear lush fruit in the form of greatly enhanced income and taxes thereon. A hope: no more.

What could have been forecast from the known proclivities of the advisers the President selected, can now be identified in the course he has set: a policy of deliberate and enormous federal deficits. And prices? The President, observing the supply of employable workers and the capacity of idle plant, hopes that prices will not rise. That hope wobbling, he has intensified his appeals for "self-discipline" in labor and management. This failing, he will, as he has warned, decree controls over wages and prices—starting with some, and ending with all.

Higher taxes, then? Corporate taxes, already among the highest in the free world, would, if raised still higher, smother our economy—as even the President's most addled advisers will admit. If all personal incomes over \$25,000 a year were confiscated, the foreseeable federal deficits would hardly be dented. There's only one sheep left to be shorn: the average man. His taxes must go up 50%. This the President will demand when it snows in Hell.

BRIEFS: Riding again in New England, "Paul Revere Teams" slashing at foreign policy. . . . Daily from West Berlin, two thousand refugees scooting to West Germany. . . . **Tibetan resistance movement spreading (cf. recent skirmish on Tibet-Nepal border), reported by Gyalo Thondor, brother of Dalai Lama.** . . . First Italian Peace March, from Perugia to Assisi, September 28, under Communist leadership. . . . Educational TV, now on 54 stations, to be used by 7,500 schools and high schools this year. . . . OAS (Organisation de l'armee secrete—the Secret Army Organization) hotting it up in Algeria: 25 explosions daily, many officers sprung from the pokey. . . . **USSR shipping war goods to Cuba via Canadian air bases.** . . . Sacrifice: New Frontier has added 100,000 new bureaucrats at salary of \$1.5 billion.

Southern Congressmen's Liberal voting opening door to two-party South. . . . Nudging that door, a series of "Resignation Rallies," wherein conservative Democrats jump the aisle to the GOP. . . . Commerce Dept. tots up 1960 tax bite: \$113.1 billion (\$629 for every man, woman, and babe); total spending \$151.3 billion; total debt \$356.3 billion (Help!). . . . **Reprinted to meet heavy demand, two reports by Senate Internal Security Subcommittee: Jay Lovestone's analysis of Communist Manifesto, adopted December 1960, and Dr. Stefan Possony's analysis of Khrushchev's speech of January 6, 1961.** . . . Two GOP Senators up for re-election next year rated high on ADA (inverse NR) Index for 1961 voting: Kuchel (Calif.) 6 "plus" out of 10; Javits (N. Y.) "perfect". . . . Republic of China observing 50th anniversary of its founding this week. . . . NAM quitting as U. S. management's representative in UN's International Labor Organization; reason: "dominated by Communists and Socialists."

From polls by Ohio Wesleyan and Ohio Citizenship Clearing House: campus leaders going GOP 2 to 1, student majority going GOP and "moderately conservative" with growing interest in politics. . . . **More than 75 campus GOP clubs started in last school year.** . . . Sold to date, more than 85,000 "I Miss Ike" bumper stickers. . . . Plump matron, overheard in Park Avenue shop: "I'll have the bomb shelter in beige." . . . Family Law Committee of Oregon State Bar seeking legislation to require marriage applicants to answer such questions as, Do you like to be in love with somebody of the opposite sex? (Who'd you have in mind?). . . . Says Don MacLean of Washington *Daily News*, Pentagon officials refer to inquiring calls from the White House as "Youth Wants to Know."

Inflation it is, then. Alone among the major powers of the free world the United States persists in the quack panacea of inflation, a myth disproved in theory and in fact, and artfully slammed at the recent conference of the International Monetary Fund: for not in accepting it but in repudiating it our NATO allies have found strength and abundance. The taxpayers of the United States are now to be called upon to contribute—with their wealth, their liberty, and perhaps ultimately their lives—to the education of President Kennedy. It will be the highest tuition cost in history.

Fulbright: Flushed from Cover

The *New York Times Magazine* (Oct. 1) carried a long article on the deadly clash between Senator Fulbright and Senators Goldwater and Thurmond concerning United States foreign policy. Despite the article's contumely against the conservative position ("a state of mind—or, more properly, a state of emotion") and the overt attempt to intervene on behalf of the President in the Democratic Senatorial primary in Arkansas, in which, next spring, Senator Fulbright will begin his struggle for re-election, the *Times* could not avoid the implication of serious weaknesses in the foreign policy advocated by Senator Fulbright.

In this gathering storm Senator Fulbright continues to use the rhetoric of bygone years: national maturity, courage, wisdom, liberty, international peace and law and order, constructive social purpose, a high order of conduct. All very well, say Senators Goldwater and Thurmond, but what is there to learn from the losses in Cuba and Laos and Berlin? We learn we should not be soft, answers Senator Fulbright—not soft, like the right-wingers, for "their oversimplifications and their baseless generalizations reflect the 'softness' of those who cannot bear to face the burden of a continuing struggle against a powerful and resourceful enemy. A truly 'tough' approach . . . is one which accepts the challenge of Communism with the courage and determination to meet it with every instrumentality of foreign policy . . . and with willingness to see the struggle through as far into the future as may be necessary."

But, God bless them, Senators Goldwater and Thurmond have exposed the nerve of Liberal Internationalism and will vellicate it until it produces a meaningful impulse. If we have been so Big and Brave to lose Cuba and Laos and Berlin, why would it not be better to hang on to them even if Senator Fulbright thinks that smells of softness? If we are not to fight "peripheral" battles in places like Laos, then doesn't the logic of Senator Fulbright demand that we fall back step by step until we have the opportunity to fight a central battle—say, in New York City? And why is any attempt at a swift melioration of our position less worthy, less mature, than Fulbright's guarantee of protracted withdrawal? Despite all the words at Fulbright's command, the facts will not be clouded: Cuba gone, Laos

• At Home •

Washington

What are the views of Governor Rockefeller on the admission of Red China? Nobody in Washington seems to know for sure. Rockefeller has a pretty fair record of tough statements on Communism, and the talk in some conservative circles is that he planted those statements so that in the days ahead, if he decides to run for the Presidency on a hard anti-Communist ticket, he will be able to point to the record, and show that on such and such a date, at such and such a place, he came out for resumption of nuclear tests, and so forth. Under the circumstances, close observers of Mr. Rockefeller's line were especially surprised when two weeks ago, at a packed rally in Carnegie Hall to protest the move to admit Red China, no word of endorsement came in from Nelson Rockefeller. There were speeches by Senator Dodd, and Congressmen Walter and Judd; and messages from the Messrs. Eisenhower, Nixon, Herbert Hoover and Goldwater. But not a word from Rock. And to make the situation all the more piquant, the messages were read to the audience by Mr. Martin McKneally, the tough anti-Communist lawyer, recently National Commander of the American Legion and, beginning a few months ago, full-time assistant to—Nelson Rockefeller.

The appointment of John McCone as Director of Central Intelligence caused considerable dismay in the upper echelon of the CIA. Why McCone, was a typical reaction, when they could have had me? And then too. McCone is a Republican, and all in all a man not altogether calculated. No one seems to know exactly why McCone was chosen for a job that requires, concerning Intelligence work and the enemy's mind, a type and degree of knowledge he cannot be expected to have gained automatically in a successful business career, or even during his tenure as chairman of the Atomic Energy Commission. Even so, conservatives are cheered that the job did not go to a professor of international relations at Harvard, and seem to like McCone (he will have no difficulty getting confirmed by the Senate), though they were disappointed by his failure to dramatize the need for resuming tests during 1959 and 1960. But at least he went on record in favor of resumption of tests, and in doing so, of course, he alienated the INSANE vote.

The State Department will renew the cultural exchange program (due to have expired at the end of the year). The Soviet Union, Congressman Walter Judd pointed out, uses the cultural exchange program to get spies, party recruiters and professional propaganda agents into the

U.S. He reminded his colleagues that totally free cultural exchange with Nazi Germany did not civilize Adolf Hitler. Russia's *USSR*, distributed under the cultural exchange program, is printed by an American firm, Haynes-Lithographers of Rockville, Maryland ("We'll do business with anyone," explains Haynes V.P., Kenneth Haynes Jr.). It transpires that the USIA's own film on Khrushchev's visit to this country in 1959, which through the cultural exchange program we have been showing all over Russia, is friendlier to K than the Russian film. Deleted from ours: any signs of opposition to K. All "the fascist refugees with their wretched little posters who should be taken out and horsewhipped" (K's description of the anti-K pickets) have obligingly been, if not horsewhipped, at least cut.

New York. It looks at this point like a sleigh ride for Wagner. The *New York Daily News*, whose uncannily accurate running poll is highly respected by the pros, made its preliminary survey, and on the basis of it has tentatively decided not to bother even to publish a poll on the mayoralty election—because it looks like a landslide for Wagner, maybe as high as 3-1. Conservative resistance has nowhere to go. Vito Battista, the right-wing candidate of the United Taxpayers Party, was poorly organized, and last week was knocked out by a technicality (he forgot to have his acceptance of the nomination notarized!). Attorney General Louis J. Lefkowitz, the Republican candidate, is considered an arm of the Rockefeller operation. Lawrence Gerosa, the economy-minded comptroller who is running as an independent candidate, is waging a listless campaign.

A phenomenon in Washington is the power that young (29) Richard Goodwin has accumulated for himself in the few months that he has been with the Kennedy Administration. He appears to have emerged as the principal director of our Latin American policy. His first trip to Latin America was this spring when he did the grand tour with Adlai Stevenson. He does not know Spanish nor, as far as is known, has he ever studied Latin American history. He got into the limelight during the Punta del Este conference in Uruguay when he engaged Cuba's maximum Communist, Che Guevara, in a conspicuous three-hour private conversation at a cocktail party. Goodwin was very much in evidence last week during the visit of Manuel Prado of Peru—and so was Herbert Matthews of the *New York Times*, whose prestige grows in proportion as he misreads the news of the day. The suggestion has been made that a congressional committee call in Mr. Goodwin and have a little chat, so that others may know what goes on in the mind of the new director of our Latin American policy.

QUINCY

gasping, South Vietnam receiving the initial wounds, Berlin neutralized.

When East Berlin was open, it was for the West a command post, a forward watch, a symbol of victory, a proof of the excellence of freedom and the destitution of the socialist way, an escape road for the oppressed. Now the Slavs have built their wall, just a wall, and thereby taken Berlin out of the area of contention, in effect relieving themselves of an intolerable burden. Against this small line of brick and mortar Fulbright is helpless. God help the nation if it must with Fulbright's policies face a line more menacing.

PEOPLE: Marvin Liebman, Secretary of Committee of One Million (Against Admission of Red China to UN), noting that Eleanor Roosevelt repudiated Kennedy Administration policy by calling for admission of Red China in speech at Charlotte, N. C., has demanded her resignation as Special Adviser to U. S. delegation to UN. . . . GOP conservatives intensifying efforts in South with speaking tours by Congressmen Bill Cramer (Fla.), Samuel Devine (Ohio), James Bromwell (Iowa), and John Ashbrook (Ohio). . . . Rep. Wilbur Mills (chairman, House Ways and Means Comm.) and Rep. Dale Alford lumped in same district by redistricting bill passed by Arkansas legislature; no contest likely, for Alford may enter the Senatorial race against Fulbright next year. . . . Arkansas Governor Orval Faubus, mentioned as another Fulbright opponent, to run for fifth term as Governor. . . . Rep. E. Ross Adair (R., Ind.), reporting to homefolks on 18,000 bills introduced in Congress this session: "Fortunately, for the good of the country, only a small portion of that number were enacted into law."

Major Arch Roberts, former staff member for General Edwin Walker, has been spirited away by the Army and stashed in medical quarters somewhere near Washington (Wisconsin Department of the American Legion is raising a stink about it). . . . Lyle Munson, president of The Bookmailer, reports conservative and anti-Communist books selling as never before. . . . Earl Warren furious after protocol downgrading that places him below Speaker of the House. . . . Gen. McCloy to hang around as White House consultant with no significant role to play. . . . Maj. Gen. H. T. Alexander, Ghana's British Chief of Staff, replaced by Maj. Gen. F. J. Otu (eliminating the last of the white officers). . . . Sen. Styles Bridges still seriously ill in Concord (N. H.) hospital after heart attack two weeks ago, with long convalescence ahead of him.

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• Trends •

The Kennedy Administration continues to pay its political debts to Walter Reuther.

The latest installment is a tidy 4-to-1 decision by the National Labor Relations Board sustaining the "agency shop"—a Reutherian device for circumventing state right-to-work laws. The term signifies a labor contract in which workers, although not forced to join a union as a condition of employment, are compelled to offer up fees equal to union dues and assessments.

In upholding the "agency shop," the NLRB reversed its own decision of last February. At that time the Board found General Motors innocent of "unfair labor practices" in rejecting UAW levies against non-union workers in Indiana—the only northern, industrial state possessing a right-to-work statute. GM argued that the union demand violated the spirit of the Indiana law. In February, the NLRB agreed. Last week, it disagreed.

In the interim, neither the facts in the case nor the arguments of the litigants had changed; the complexion of the NLRB, however, had changed markedly. Two Kennedy appointees, Frank McCulloch and Gerald A. Brown, replacing two Eisenhower commissioners, dutifully voted Reuther's subterfuge into law.

The arguments used in behalf of the "agency shop" device are suggestive of the declining national intellect. In Indiana, where the ruse was sustained by the Indiana Appellate Court, the judges opined that, if the legislature that enacted right-to-work meant to prohibit the agency shop, it should have said so. In the absence of specific language banning such assessments, the court said, the right-to-work statute could not be construed as prohibiting them. But the Indiana law does state, quite straightforwardly, that "it is hereby declared to be the public policy of the state of Indiana—that employees should equally have the right to refrain from forming, joining, continuing membership in, or assisting labor organizations." If requiring employees to contribute money to labor unions is not "assisting labor organizations," what is?

Of the eighteen other states having right-to-work laws, none has held the "agency shop" demarchè compatible with the principles of voluntary unionism. There are a half-dozen states in which the statute, like Indiana's, does not specifically prohibit the "agency shop" as such. Yet in none of these has the device been given the full sanction of law. On March 8 of last year, Attorney General Clarence Beck of Nebraska held the "agency shop" to be illegal—even though the Nebraska statute is simply a statement of the right-to-work principle. In Kansas, the State Supreme Court has similarly ruled that assessments in lieu of membership violate the right to work.

All of which would seem logical in view of the fact that right-to-work laws have arisen precisely to insure that workers are not forced to support private organizations which they may dislike, whose policies they may

oppose, and which in any case they do not want to join. The "agency shop" forces them to submit to just such compulsion in the teeth of a law designed to prevent it.

Arguments of this sort have made little impact either on the Indiana Appellate Court, or on the Kennedy-appointed NLRB. These Solomons seem more impressed with the unions' plaint that they are entitled to remuneration for bargaining services than with the worker's claim to freedom.

In its decision last week, the NLRB said Congress, in drafting the Taft-Hartley law, did not intend to give non-union workers a "free ride," adding: "We have no doubt that an agency shop agreement is a permissible form of union security." The Indiana court quoted, with evident approval, the language demanded by the Electrical union in a contract with the Meade Electric Company: "The union is required under this agreement to represent all of the employees in the bargaining unit fairly and equally without regard as to whether an employee is a member of the union. . . . Accordingly, it is fair that each employee in the bargaining unit pay his own way and assume his fair share of the obligation along with the grant of equal benefits . . ."

In short, the unions and their legal benefactors invoke the very argument used to oppose right-to-work laws in the first place: since the union is the exclusive bargaining agent, and since all employees benefit from the contracts it achieves, all employees should support the union.

It would seem that if the unions view their exclusive bargaining agent duties as a hardship, they might simply tell the "free riders" to fend for themselves. Let the union bargain for its members; and let non-members bargain in their own behalf. The unions would be relieved of their grievous burden, and the problem could be solved without coercion.

The truth of the matter, of course, is that the last thing the union bosses want is to let non-members do their own bargaining. So far is the "exclusive bargaining agent" function from being a burden that the Reuthers and Hoffas would rend Heaven should Congress ever try to relieve them of it. Certified unions are, under Taft-Hartley, designated as sole bargainiers for one reason only: the unions demanded such a provision in the law. If workers could negotiate without the intermediary services of the labor hierarchy, the more productive might decide they could better improve their lot by dealing directly with the boss. The hold of the labor chieftains would be severely weakened. Thus the pressing need for "exclusive bargaining" privileges.

The "agency shop," then, is the union hierarchy's solution to a problem it created for itself. If it wants to be rid of "free riders," let it abandon its insistence on being the sole negotiator on wages and hours. As things now stand, the labor oligarchy has imposed one form of coercion only to make it a pretext for a second.

M. STANTON EVANS

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• Abroad •

Holy Loch. The anti-bomb sit-downs are becoming a new kind of game, with established rules and rituals for both teams—sit-downers and police—and prescribed attitudes for spectators. The sit-downers sit, preferably *en masse*, at a spot that interferes with traffic, displaying signs and reciting slogans or songs. The *London Times* report on the September 16 sit goes thus: "Gently, almost decorously, [the police] began to remove the sedentary pickets after inquiring whether they would care to leave of their own volition. They carried 281 of them in vans at a distance of about 25 yards to an extemporary police office, where they were charged with committing a breach of the peace. . . . The police carried their limp bodies (absolute limpness is a must) as if moving valuable dummies for spring cleaning at Madame Tussaud's. Movable rush barriers had been used to segregate the sitters from those who did not wish to be arrested. . . . Following their labors last night some of the police gratefully adjourned to the Glen Tower Hotel for tea and cakes, and later gathered at the piano for community singing of 'Bonny Mary o' Argyll' and other native airs."

London. In the six-year period 1955-61, TV sets in active use in Britain (which can be accurately measured through payment for the required annual licenses) have increased from 4 million to 12 million. In the same years, the average weekly movie attendance has decreased at exactly the same rate, dropping from 24 million to 8 million.

Rome. Giuseppe Saragat, leader of the Social Democratic Party (separate from and much to the right of Pietro Secchia's Socialist Party), looms as a strong candidate for the Presidency in the elections scheduled for early next year. His recent conversion to the Church supplies the heretofore missing ingredient in making him eligible. The government moved with unusual speed in giving formal approval to a "Josephine Saragat Foundation" in memory of his deceased wife. His son, Dr. Giovanni Saragat, accompanied Premier Fanfani on his trip to Moscow, but disapproved publicly of the appeasement tendency that Fanfani displayed. In general, the Social Democrats under Saragat have been more consistently anti-Communist than the majority of the Christian Democrats.

Milan. The sale of Russian oil to free nations is now 25,000 barrels daily, and should reach at least a million barrels by 1970. Italy is the principal Russian customer. Soviet Foreign Trade Minister Patolishev spent many hours of his recent visit to Italy with Enrico Mattei, head of ENI, the Italian state monopoly of energy sources. The conservative magazine *Borghese* commented that they discussed various projects which, if carried through, would badly injure the position of British and especially U.S. oil companies in Europe. They arranged for stepping up the supply of Soviet oil to ENI, and a cartel was

planned for exploitation of oil resources in Rumania and Hungary with ENI cooperation. ENI further agreed to supply methane and chemical products to the Soviet Union." These, like all Italian contracts with the Soviet Union, are channeled so the Italian Communist Party gets a substantial cut.

Rome. There are more subtle ways than military conquest by which a people leaves its mark on the world. In the last century more than 25 million Italians have emigrated. Until a few years ago they went mostly to North and South America and (more lately) to Australia. The pattern is now being changed through development of the Common Market. This year 425,000 out of the predicted 500,000 emigrants will have gone to western Europe, 140,000 of them to West Germany. More than half are expected to settle permanently.



Dover. French interests, led by former Minister of Public Works Jules Moch, are pressing hard for a joint Anglo-French decision to go ahead with a bridge over the Channel. (They dismiss the once favored tunnel project as "*le tunnel de Grandpapa*.") Moch argues that the bridge is an integral auxiliary to Britain's joining the Common Market, and would have enormous economic importance for tomorrow's "Europe of the Seven." He estimates the cost at about \$600 million, all to be raised by private capital, and wants Britain and France to begin simultaneous construction, with 4,000-man crews pushing forward from each shore.

London. Sherlock Holmes would still feel at home with the *Times*' Personal column. One can almost hear him point out to Dr. Watson the following item from one of last week's issues: "Magarkura speaking Mongolphil without ties seeks employment where such attributes can be usefully employed. Financial reward immaterial.—Write Box R.894, The Times, E. C. 4."

• The Investor •

The virtual certainty of further cyclical recovery in general business activity poses a question for the investor. Should he emphasize cyclical stocks in his portfolio? Or is it wiser to stress ownership of shares in companies which may not experience a sharp impact of cyclical recovery, but may have a potential growth in earnings of far greater proportions over two, three or five years? The full-time professional speculator will count on his ability to ride current market cyclical favorites, and to replace them at the opportune time with stocks holding greater long-range promise.

Most professional speculators do less well over a period of five or ten years than the sophisticated investor who concerns himself principally with long-term capital growth. The typical speculator, however, will be confident of his own exceptional ability to make timely moves, even though past experience may speak to the contrary.

In making stock selections, investment trusts as a rule pay much attention to the next six to twelve months. The special dilemma is either to keep up with or improve on the Dow-Jones Averages, or to accept disfavor from investment trust share salesmen and their clients.

Open-end trusts (those continuously selling newly-issued shares) have especial incentive to avoid temporary poor performance as related to the Dow-Jones. For them this requirement pretty well rules out holding stocks through periods of temporary adversity, even though they may possess superior potential for capital growth. For whatever reasons, the record of most investment trusts over a long period of years, as measured by capital growth, is less than outstanding.

It takes a strong-minded investor to eschew short-range objectives in favor of two, three and five-year objectives of far greater magnitude. Should one's stocks do less well than many current favorites in a six to twelve-month period, it is human nature to become dissatisfied with a long-range program, and to jump on the bandwagon from which emanates the biggest noise.

Steels, automobiles, rails and coppers are among the stocks which fluctuate rather widely with the business cycle's ups and downs. A particular company in these fields may have strong growth characteristics, contrary to the general trend in its industry. Or there may be some reason, other than cyclical improvement, which justifies purchase and holding of a particular company in a cyclical industry.

Generally speaking, nevertheless, investment-quality cyclical stocks seem unlikely to double and triple from today's prices before the cycle again turns downward. Timing becomes highly important if one is to bank a substantial portion of a stock's cyclical move. Failure of timing can turn apparent gains into losses.

For the investor who is willing to consider the advantages of common stock ownership for the longer term, it may be helpful to explain why a period of up to five

years is advocated. Why not stop at two or three years? Some of the stocks we buy appear to have the possibility of doubling in price in that time. The rationale of thinking in terms up to five years is the ever-present possibility of unpredictable changes in the over-all framework of our economy. Such changes could set back the time schedule in which a company's earnings growth can be accomplished.

For example, a well-known political economist who is somewhat addicted to extreme predictions, recently reached some rather dire conclusions in a talk made to the New York Society of Security Analysts. Should his forecasts projecting present trends come to pass, many time schedules for improving earnings could be delayed by two to three years. He assumes a continuation of the disheartening retreat of the Western World before a rising tide of Communist influence. A major reverse in West Berlin, followed by reverses in British Guiana, Venezuela and Chile, could result in a major military build-up and military counter-action in various areas of the world. If his predictions prove correct over the next twelve months or so, price controls and higher corporation taxes (including excess profits taxes) would probably be the order of the day.

The trend in this direction is apparent today, and many advisers surrounding President Kennedy would welcome price controls and excess profits taxes. It would be a mistake to conclude that the present trend in world events must continue inexorably to a foregone conclusion. But it would be equally mistaken to ignore that possibility.

Should such unhappy events come to pass, growth stocks selling at high multiples of earnings would plummet. Companies with large invested capital bases and low earnings could do wonderfully if their volume of business multiplied. Railroads might do better than at any time since the Korean War. Airlines with huge capital investments in new jet equipment might experience a multiplication of earnings without bumping the 10½% return ceiling allowed by the CAB rate of return decision. Machine tool company sales and earnings could soar.

I believe the airlines will continue to prove a growth industry over the next five years and are thus preferable to rails as a hedge against the contingency of excess profits taxes. If we escape price controls and excess profits taxes, the best quality airline stocks should produce large capital growth anyway.

It makes good sense for the prudent investor to hedge against various possibilities. By allowing five years for results which one might expect in two to three years, one allows for major unforeseeable developments which can delay earnings growth. So far, excess profits taxes and price controls have proved temporary phenomena on the American scene. In time they have become irksome and repulsive to our people's sense of freedom. We can hope that, if they come again, they will not endure.

NORVIN R. GREENE

